



**Testimony of Carol Walter
Executive Director
Connecticut Coalition to End Homelessness
Before the Appropriations Committee
March 11, 2010**

Senator Harp, Representative Geragosian and members of the committee, I am here to testify against the Governor's proposed deficit mitigation plan which seeks to suspend funds in non-entitlement grant programs at the CT Department of Social Services (DSS) in order to save the state an estimated \$6.4 million during this fiscal year.

As you know, the Governor has also proposed a reduction of \$2.4 million to the housing and homelessness line item as part of her mid-term budget adjustments for 2011. She has already enacted a rescission of \$2.1 million for this fiscal year. All of these cuts are offered as a temporary solution to the very difficult economic situation which the state faces today. So many of our residents have lost their jobs or are earning less than our state revenues have fallen. A housing foreclosure crisis has had a catastrophic impact on the housing market and families have lost their homes. People cannot earn enough to make ends meet, cannot pay adequate income and other taxes, and the state budget suffers as a result. They don't earn it, so we have to cut back on safety net or services or basic needs—the Governor says. The proposed solution is to shut the door to the last house on the block. The problem is that now more than ever, many too families and individuals have to turn to emergency shelter and other safety net programs in these times.

- Rural and suburban homelessness rose significantly between 2008 and 2009.
- Homelessness among families and children increased by 33% in rural and suburban areas between 2008 and 2009.
- There is a groundswell of applications, waiting times, and activity for the federal Homelessness Prevention and Rapid Re-housing (HPRP) program as families ravaged by joblessness and the high cost of living in Connecticut try to make ends meet and avoid homelessness. Almost 1,000 individuals were served between October and January.
- More of our neighbors are turning to the state for help. DSS caseloads are up 18% since last year.

The critical and relative few programs which the housing/homeless line item supports are more necessary than ever. Our average bed usage among most Connecticut homeless shelters exceeded 107% for January. That means that beyond being full, many many shelters exceeded their maximum capacity in order to keep

up with increased demand. These numbers do not capture the many more who were turned away when they requested shelter. United Way/2-1-1 reported a 27% increase in calls for emergency shelter during 2009.

The DSS homeless/housing line item provides critical funding for:

- emergency homeless shelters (44 across Connecticut, some serving families, others serving single adults)
- transitional living programs (31 sites, both family and single adult)
- shelters for victims of domestic violence
- residences for persons with AIDS (serving almost 2,000 people)
- eviction and foreclosure prevention

and programs which are vital to tens of thousands of Connecticut residents. These will not be able to function if another penny is cut—this year or next.

In order to sustain these programs, we recognize and support restructuring state revenues for economic vitality and sustainability of critical economic security programs. There are many ways to begin this and no one approach need be the sole solution. We cannot balance the budget on the backs of those least able to afford cuts to safety net services. We recommend that you and the Finance Committee:

- **Evaluate and reduce unwarranted expenditures.** Our state tax code contains approximately \$5 billion in credits, deductions, rate reductions and exemptions that favor certain businesses and activities over others and diminish state revenue. There is no system to evaluate the efficacy of these expenditures, and no way for the public to know who benefits from the tax reductions.
- **Cancel reductions in the gift and estate tax.** These reductions benefit the wealthiest residents at a cost of \$75M over the two year budget.
- **Make the personal income tax more progressive.** Connecticut's wealthiest families pay a much lower share of their income (4.9 %) in state and local taxes than middle (9.9 %) and low income families (12 %).
- **Review and Restructure Business Taxes.** Fairness and consistency should be the rule for micro-, small and large businesses as well as multi-state corporations. Some larger corporations avoid their fair share by shifting profits to subsidiaries in other states. There has been no comprehensive review of corporate and business taxes for about 20 years.

On behalf of the 16,000 people who turned to our network of emergency services, and thousands more who were served by domestic violence shelters, in AIDS housing, and through those most basic programs which our state provides when times are tough, I ask that you reject the Governor's plan and restore any proposed cuts to homeless and housing services at DSS next year. Thank You.